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SERVICE DATE - MARCH 13, 1998

SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. MC-F-20917

COACH USA, INC.--CONTROL--AIRPORT LIMOUSINE SERVICE, INC. AND BLACK
HAWK-CENTRAL CITY ACE EXPRESS, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving Finance Transaction.

SUMMARY: Coach USA, Inc. (Coach or applicant), a noncarrier, filed an application under 49 U.S.C. 14303 to acquire control of Airport Limousine Service, Inc. (Airport) and Black Hawk-Central City Ace Express, Inc. (Black Hawk), both motor passenger carriers. Persons wishing to oppose the application must follow the rules under 49 CFR part 1182, subpart B. The Board has tentatively approved the transaction, and, if no opposing comments are timely filed, this notice will be the final Board action.

DATES: Comments must be filed by April 27, 1998. Applicants may file a reply by May 2, 1998. If no comments are filed by April 27, 1998, this notice is effective on that date.

ADDRESSEES: Send an original and 10 copies of any comments referring to STB Docket No. MC-F-20917 to: Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N. W., Washington, DC 20423-0001. In addition, send one copy of comments to applicants' representatives: Betty Jo Christian and David H. Coburn, Steptoe & Johnson LLP, 1330 Connecticut Avenue, N. W., Washington, DC 20036.

FOR FURTHER INFORMATION CONTACT: Beryl Gordon, (202) 565-1600. [TDD for the hearing impaired: (202) 565-1695.]

SUPPLEMENTARY INFORMATION: Coach currently controls 35 motor passenger carriers.¹ In this transaction, it seeks to acquire direct control of Airport² and Black Hawk³ through the acquisition of all of their outstanding stock.

Applicants submit that there will be no transfer of any federal or state operating authorities held by the acquiring carriers. They assert that the acquisition will not reduce competition in the bus industry or competitive options available to the traveling public. They state that the acquired carriers do not compete with one another or with any Coach-owned carrier. Applicants submit that each of the acquired carriers is relatively small and that each faces substantial competition from other bus companies and transportation modes.

Applicants also submit that granting the application will produce substantial benefits, including interest cost savings from the restructuring of debt and reduced operating costs from Coach's enhanced volume purchasing power. Specifically, applicants claim that the carriers to be acquired will benefit from the lower insurance premiums negotiated by Coach and from volume discounts for equipment and fuel. Applicants also aver that Coach will provide each of the carriers to be acquired with centralized legal and accounting functions and coordinated purchasing services. In addition, they state that vehicle sharing arrangements will be facilitated through Coach to ensure maximum use and efficient operation of equipment, and that coordinated driver training services

¹ In addition to the instant proceeding in which it seeks to acquire control of two additional motor passenger carriers, Coach has two pending proceedings: Coach USA, Inc.--Control Exemption--Browder Tours, Inc. and El Expreso, Inc., STB Finance Docket No. 33506 (STB filed Oct. 31, 1997), in which it seeks to acquire control of two additional motor passenger carriers; and Coach USA, Inc. and Coach XXIII Acquisition, Inc.--Control--Americoach Tours, Ltd.; Keeshin Charter Services, Inc.; Keeshin Transportation, L.P.; Niagara Scenic Bus Lines, Inc.; and Pawtuxet Valley Bus Lines, STB Docket No. MC-F-20916 (STB served Feb. 27, 1998), in which it seeks to acquire control of five additional motor passenger carriers.

² Airport is a Delaware Corporation. It holds federally issued operating authority in MC-315702 and intrastate operating authority issued by the Pennsylvania Public Utilities Commission. In addition, Airport holds authority from the Port Authority of Allegheny County, PA, for paratransit-airport transportation. The majority of its revenues stem from its services to and from the Pittsburgh Airport, and its gross revenue for fiscal year 1996 was approximately \$900,000. Prior to the transfer of its stock into a voting trust, it had been owned by Herbert Bennett Conner, Linda G. Conner, and Kelley C. Gresh.

³ Black Hawk is a Colorado Corporation. It holds federally issued operating authority in MC-273611 and intrastate operating authority issued by the Colorado Public Utilities Commission. It operates approximately 21 buses and had gross revenues for fiscal year 1996 of approximately \$5 million (derived mostly from commuter operations). Prior to the transfer of its stock into a voting trust, it had been owned by Anthony D. Sosebee, Jason D. Sosebee, Marko and Joanne Lah, William and Frances Mattedi, Nancy Searle, Jack Searle, and Linda Talley.

will be provided. Applicants also state that the proposed transaction will benefit the employees of the acquired carriers and that all collective bargaining agreements will be honored by Coach.

Coach plans to acquire control of additional motor passenger carriers in the coming months. It asserts that the financial benefits and operating efficiencies will be enhanced further by these subsequent transactions. Over the long term, Coach states that it will provide centralized marketing and reservation services for the bus firms that it controls, thereby enhancing the benefits resulting from these control transactions.

Applicants certifies that: (1) Black Hawk has a satisfactory safety fitness rating from the U.S. Department of Transportation; (2) Airport has not been rated; (3) both carriers maintain sufficient liability insurance; (4) both carriers are neither domiciled in Mexico nor owned or controlled by persons of that country; and (5) approval of the transaction will not significantly affect either the quality of the human environment or the conservation of energy resources. Additional information may be obtained from applicants' representatives.

Under 49 U.S.C. 14303(b), we must approve and authorize a transaction we find consistent with the public interest, taking into consideration at least: (1) the effect of the transaction on the adequacy of transportation to the public; (2) the total fixed charges that result; and (3) the interest of affected carrier employees.

On the basis of the application, we find that the proposed acquisition of control is consistent with the public interest and should be authorized. If any opposing comments are timely filed, this finding will be deemed vacated and a procedural schedule will be adopted to reconsider the application. If no opposing comments are filed by the expiration of the comment period, this decision will take effect automatically and will be the final Board action.

This decision will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The proposed acquisition of control is approved and authorized, subject to the filing of opposing comments.
2. If timely opposing comments are filed, the findings made in this decision will be deemed vacated.

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3. This decision will be effective on April 27, 1998, unless timely opposing comments are filed.

4. A copy of this notice will be served on the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N. W., Washington, DC 20530.

Decided: March 9, 1998.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams
Secretary